

Message Text

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ACTION EB-07

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EXCON FOR COMMERCE

E.O. 11652: N/A

TAGS: ESTC, GW

SUBJECT: APPLIED MATERIALS/HONEYWELL CASE

REF: TELCONS WITH USDOC/OEA

1. DURING JUNE 5 INTERVIEW IN MUNICH BETWEEN INVESTIGATING OFFICER THOMAS SHUGART AND GERALD GESSNER, APPLIED MATERIALS (AM) MARKETING MANAGER FOR GERMANY, GESSNER STATED THAT MR. HAEDICKE OF HONEYWELL GMBH, OFFENBACH/MAIN, MAINTAINED THROUGHOUT TRANSACTION THAT HONEYWELL GMBH WOULD BE END-USER OF SUBJECT AM EQUIPMENT, WHICH WOULD BE USED AT HONEYWELL GMBH PLANT TO MANUFACTURE SEMI-CONDUCTORS AND INTEGRATED CIRCUITS. GESSNER SAID HAEDICKE TOLD HIM THAT HONEYWELL GMBH INTENDED TO BEGIN MFR OF SAME IN FRG AS RESULT LABOR AND OTHER PROBLEMS FACING HONEYWELL'S OPERATIONS IN UK. GESSNER EMPHATICALLY DENIED HAEDICKE HAD EVER MENTIONED THAT SUBJECT EQUIPMENT WOULD BE REEXPORTED FROM FRG TO SWITZERLAND.

2. GESSNER SHOWED SHUGART COPY OF MAY 28, 1975 TELEX FROM DR. V. TECKLENBURG, HONEYWELL GMBH, TO GESSNER, IN WHICH FORMER REFERS TO GESSNER'S ORAL STATEMENTS AND LETTER DATED FEB. 5, 1975, LIMITED OFFICIAL USE

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TO EFFECT THAT SUBJECT EQUIPMENT NOT SUBJECT TO EXCON RESTRICTIONS

WITH RESPECT TO THEIR USE OR REEXPORTATION. GESSNER DENIED EVER MAKING SUCH ORAL STATEMENTS OR WRITING THE LETTER. HE SAID HE TELEPHONICALLY REQUESTED A COPY OF THE LETTER FROM HONEYWELL GMBH, WHICH HE CLAIMS, OF COURSE, HE HAS NEVER RECEIVED. (IN TELEX EXCHANGE BETWEEN GESSNER AND NORM LEWIS OF AM, SANTA CLARA, CALIF., DATED MAY 14, GESSNER DENIED WRITING FEB. 5 LETTER TO HONEYWELL GMBH.)

3. IN DOCUMENTS WHICH WERE MADE AVAILABLE TO SHUGART, NO REFERENCE IS MADE TO REEXPORTATION OF EQUIPMENT, NOR IS REFERENCE MADE TO USE OF EQUIPMENT BY HONEYWELL GMBH AT ITS PLANT IN OFFENBACH.

4. GESSNER STATED THAT HIS FIRM HAD NEVER HAD DEALINGS WITH HONEYWELL GMBH PRIOR TO SUBJECT TRANSACTION. HE SAID HE CONSIDERED IT UNUSUAL THAT THROUGHOUT THE DEAL, HE NEVER MET WITH ANYONE BUT HAEDICKE; HE CLAIMS THAT IT IS NORMAL IN SUCH COMPLICATED TRANSACTIONS TO DISCUSS PROJECT WITH LARGE NUMBER OF ENGINEERS AND OTHER TECHNICAL EXPERTS. HE ALSO STATED THAT THE AM EQUIPMENT IN QUESTION COULD NOT CONSTITUTE A COMPLETE SEMI-CONDUCTOR MANUFACTURING PROCESS. HE HAD ASSUMED THAT HONEYWELL GMBH WOULD PURCHASE COMPLEMENTARY EQUIPMENT FROM OTHER SUPPLIERS. HE DID STATE THAT HE MADE AN OFFER TO HONEYWELL GMBH (HAEDICKE) TO SUPPLY COMPLIMENTARY EQUIPMENT MANUFACTURED BY II INDUSTRIES, INC., SUNNYVALE, CALIF. HE PROVIDED SHUGART A COPY OF HIS FIRM'S OFFER, DATED JAN. 13, 1975; HE STATED THAT HAEDICKE NEVER REPLIED TO THIS OFFER. IN PASSING GESSNER NOTED THAT ONLY OTHER POSSIBLE SUPPLIER IN EUROPE OF EQUIPMENT SIMILAR TO IT'S IS GCA INTERNATIONAL, A US FIRM WITH ITS EUROPEAN SUBSIDIARY LOCATED IN KREUZLINGEN, SWITZERLAND.

5. WE WILL FORWARD BY AIRMAIL TO USDOC/OEA COPIES OF TELEXES AND OTHER RELEVANT DOCUMENTS OBTAINED FROM GESSNER.

6. COMMENT. WE UNABLE TO DETERMINE VERACITY OF ALLEGED UNDERTAKINGS BY GESSNER TO HONEYWELL GMBH REGARDING EXCON STATUS OF SUBJECT AM EQUIPMENT. ABILITY OF HONEYWELL GMBH TO PRODUCE A COPY OF ALLEGED FEB. 5 LETTER FROM GESSNER WOULD APPEAR CRUCIAL IN THIS REGARD. IN ANY EVENT, WE FIND IT DIFFICULT TO COMPREHEND IN A GENERAL SENSE HOW A MAJOR EUROPEAN SUBSIDIARY OF A MULTINATIONAL FIRM LIKE HONEYWELL COULD BE LIMITED OFFICIAL USE

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TOTALLY UNAWARE OF THE BASIC REQUIREMENT FOR USDOC'S PRIOR APPROVAL BEFORE REEXPORTING HIGH-TECHNOLOGY EQUIPMENT. MOREOVER, IT IS CLEARLY STATED ON THE FRG IMPORT CERTIFICATE, DATED MARCH 14, 1975 (COPY BEING FORWARDED), THAT REEXPORTATION OF SUBJECT EQUIPMENT WITHOUT APPROVAL IS PROHIBITED BY FRG. ALSO, ACCORDING TO GESSNER, AM, SANTA CLARA, MADE THE USUAL STATEMENT ON ITS INVOICES TO HONEYWELL GMBH REGARDING SAME REQUIREMENT IMPOSED BY USG.VALDES

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